

FUND OBJECTIVE

To provide a mixed exposure into equities and bonds, with higher allocation in bonds.

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	1.60 million units (29 May 2020)	Fund Size	RM2.49 million (29 May 2020)
Unit NAV	RM1.5573 (29 May 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	25% FBM100 + 75% 12 month FD
Taxation	8% of annual investment income	Other Charges	Inclusive of auditor fee
Risk Profile	<p>Suitable for investors:</p> <ul style="list-style-type: none"> ▪ Want a diversified portfolio in equities but higher exposure in bonds ▪ Prefer less volatile performance and want slightly higher gains than bond return 	Fees	<p>The fund will feed into Sun Life Malaysia Growth Fund and Sun Life Malaysia Conservative Fund which applies the following fund management charges:</p> <ul style="list-style-type: none"> ▪ Sun Life Malaysia Growth Fund: 1.5% p.a. ▪ Sun Life Malaysia Conservative Fund: 1.0% p.a. ▪ There are no other fund management charges on this fund

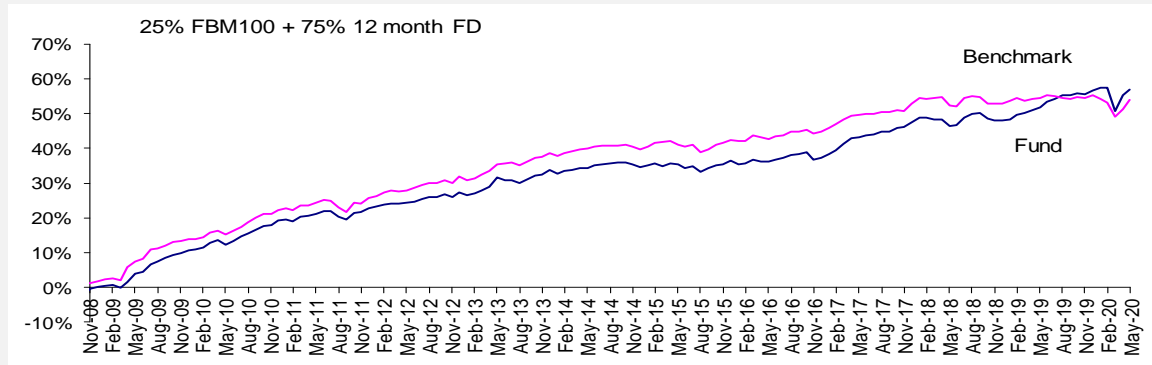
ASSET ALLOCATION

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund
75.00%	25.00%

WHERE THE FUND INVESTS

Sun Life Malaysia Conservative Fund	Sun Life Malaysia Growth Fund	Cash	Total
74.59%	25.42%	-0.01%	100.00%

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund*	0.15	1.10	3.36	9.65	16.05	39.77	57.02
Benchmark	-0.86	1.77	-0.28	3.04	9.18	33.70	54.11

* Calculation of past performance is based on NAV-to-NAV

Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.

FUND MANAGER'S COMMENTS

In May 2020, the Fund's performance increased by 1.10%, but underperforming the benchmark by 0.67%.

KLCI gained 4.65% in May, outperforming the markets in the region (vs MSCI ASEAN +1.3%). The positive performance was driven entirely by glove stocks as Hartalega and Top Glove gained 65% and 83% respectively during the month on the back of rising ASP amid tight global supply of medical gloves. Excluding the glove stocks, the benchmark index would have been flat in May. 1Q20 GDP growth fell sharply to 0.7% (4Q19: 3.6%) as the impact of the global pandemic and the subsequent lockdown severely impacted macroeconomic conditions. Exports fell sharply by 7.1% due to global supply chain disruption following lockdowns. Gross fixed capital formation fell 4.6% as businesses and government curtailed investment spending given uncertain outlook. This was exacerbated by the collapse in crude oil price. We expect the worse is yet to come as the full impact of nationwide lockdown during the Movement Control Order (MCO) from 18 Mar will be felt in 2Q. YTD, consensus 2020 and 2021 EPS have been cut by 23% and 15% respectively as corporate earnings start to bear the brunt of Covid-19. 1Q20 earnings season has been dismal so far and we believe the worse is yet to come as the full impact of the MCO will only be felt in 2Q20. Therefore, despite KLCI EPS projected to contract 19% in 2020, we believe the downward earnings revision cycle is not over yet. Consensus is also rather optimistic that EPS will rebound significantly by 19% in 2021, led by banks and gaming sectors.

FUND MANAGER'S COMMENTS (CONTINUED)

At its 4 – 5th May MPC meeting, BNM cut its OPR by another 50bps to 2.00%, following its 25bps cut in January and 25bps cut in March. The cut was mainly due to the significant weakening of the global and local economic conditions from the measures implemented to contain the spread of the coronavirus. The statement also reflects some “hope” that the monetary and fiscal stimulus, plus easing of lockdowns, both on the global and local front, will be able to gradually improve the economy. BNM, however, noted that this outlook is still subjected to a high degree of uncertainty. In addition, BNM also maintained the SRR at 2.00%, but has allowed banks to fully recognize their holdings of MGS and MGII to comply with the SRR requirement, effective 16 May 2020 until 31 May 2021. This has released an additional RM16 billion of liquidity into the system. With weak economic data expected to run into 2Q2020, MYR government bond market may continue to trade on rate cut bias. With inflation numbers continue to run low, central bank should have room to deliver more rate cut but we are still calling this a “data dependent” event for now. On the technical side, with rising global rates as a result of better equity sentiment could drive away demand for safe asset – we are already witnessing this in the later part of May-2020 as the long-end MYR rates rose higher despite a 50bps of OPR cut. Also, Malaysia government appear to be preparing for another round of stimulus to be tabled in June which could further push the fiscal deficit numbers to above 5%. Combining both the fundamental and technical points above, we will only take neutral duration for the Fund.

Source : *Principal Asset Management Bhd*
Date : *29 May 2020*

Disclaimer:

The benchmark performance is not a guide to future performances which may differ. The performance of the fund is not guaranteed. The value of the fund will fluctuate and may fall below the amount of premiums paid and the fund value depends on the actual performance of the underlying investment. This material is for information purposes only and is subject to change at any time without notice. Sun Life Malaysia does not guarantee its accuracy, completeness, correctness or timeliness for any purpose or reason. This information should not be considered as advice or recommendation in relation to your account or particular investment objectives, financial situation or needs. You may not revise, transform, or build upon this material without prior written consent of Sun Life Malaysia. Before acting on any information you should seek independent financial advice.